

NEWS FROM

KHEAA–Alabama

100 North Union Street, Suite 390, Montgomery, AL 36104-3762

Phone: (334) 265-9720 Toll-free: (800) 721-9720

Fax: (334) 265-9750

Contact: Lori Powers

Phone: (502) 696-7378

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Money Tips for College Students: How to Make It, Use It and Save It

Students should learn about insurance

Because teens and young adults don't have as much driving experience as adults, insurance companies believe they're a bigger risk to insure. That means you'll pay more for insurance than someone who's older.

You must carry insurance to cover any damage you do to someone else's property or person. That's called liability, and it isn't negotiable. Collision insurance covers repairs to your car if you have an accident. Unless you owe the bank money on your car, you probably don't have to have collision or comprehensive coverage, especially if your car is older. Not having collision insurance will save you money — unless you have an accident.

The other main types of auto insurance are:

- Comprehensive, which replaces damaged windshields and repairs damage caused by hail, flooding, theft, vandalism, etc.
- Personal injury protection, which pays medical expenses, lost wages and other out-of-pocket costs if you're hurt, regardless of who's at fault.
- Uninsured motorist, which covers your medical costs if you're hurt in an accident by an illegally uninsured driver.
- Rental reimbursement, which pays for a rental car while yours is being fixed if you have an accident.

Besides car insurance, there are other types you should know about, according to KHEAA–Alabama.

Health insurance is perhaps the most expensive type of insurance for most people. Ask your parents if you're covered under their policy and, if so, for how long. In some cases, unmarried dependent children can be covered to age 25. If you get married, you're automatically an adult and will be responsible for your own insurance. Many employers offer health insurance plans to their employees.

If you live in a dorm or apartment, you might want renter's insurance. Renter's insurance can pay you if something gets stolen or destroyed in a fire or other disaster. Check with your parents' insurance agent to see if you're covered by an off-premises provision of their policy when you live in a dorm. If you live off-campus, you probably won't be covered and will need to buy renter's insurance. When deciding how much coverage to buy, consider replacement versus actual cash value costs. Replacement means if stolen, you'll get the same item new. Actual cash value will give you an amount based on its used value based on depreciation. If you have really nice jewelry or other valuable items, consider buying extra coverage, called a rider, on them.

KHEAA–Alabama has helped thousands of students pay for college. For more information about financial aid and college planning, visit www.alstudentaid.com; write KHEAA–Alabama, 100 North Union Street, Suite 390, Montgomery, AL 36104-3761; or call 334-265-9720, toll free (800) 721-9720.